

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Securities Act of Washington by:

Blue Ridge Energy, Inc., B.U. Ranch #1 Limited  
Partnership, Ltd., Ridgemont Securities, Inc.,  
Kevin Cline, their employees and agents,

Respondents.

SDO - 59A - 99

SUMMARY ORDER TO CEASE AND DESIST

Case No. 99-08-0260

THE STATE OF WASHINGTON TO:

Blue Ridge Energy, Inc.  
B.U. Ranch #1 Limited Partnership, Ltd.  
Ridgemont Securities, Inc.  
Kevin Cline

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Blue Ridge Energy, Inc., B.U. Ranch #1 Limited Partnership, Ltd., Ridgemont Securities, Inc., and Kevin Cline (also collectively referred to as Respondents) have violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

**I.**

Blue Ridge Energy, Inc. (sometimes referred to as "Blue Ridge Energy") is a Nevada corporation that has a principal business address of 632 Adams Street, Suite 710, Bowling Green, Kentucky and that is the managing general partner of B.U. Ranch #1 Limited Partnership, Ltd.

**II.**

APPLICATION FOR HEARING

1

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
(360) 902-8760

Blue Ridge Energy, Inc.

B.U. Ranch #1 Limited Partnership, Ltd. is a Kentucky limited partnership, also with a principal business address of 632 Adams Street, Suite 710, Bowling Green, Kentucky.

### III.

Ridgemont Securities, Inc. is a securities broker-dealer with a principal business address of 632 Adams Street, Suite 210, Bowling Green, Kentucky. Kevin Cline is the President and Registered Principal of Ridgemont Securities, Inc.

### IV.

On at least August 13, 1999, representatives of Blue Ridge Energy, Inc., and Kevin Cline on behalf of Ridgemont Securities and as a representative of Blue Ridge Energy, Inc., participated in a trade show named the Third Annual Seattle Money Show ("Money Show") held in Seattle, Washington. The Money Show is a commercial venture that provides a forum for interaction between the public and business and commercial vendors. The Money Show is marketed to the general public through advertising placed on the Internet and through signage placed in public areas surrounding the Show's location. A Securities Division staff member attending the Money Show and posing as a prospective investor visited the Blue Ridge Energy, Inc. booth where the staff member received from Kevin Cline a business card, general information regarding Blue Ridge Energy's involvement in the oil and gas industry, and an invitation to visit a Blue Ridge Energy Hospitality Room to "learn more about the company and its activities." The Securities Division staff member and other Washington residents attending the Money Show, were solicited to complete information cards so that they could receive additional information in the future from Blue Ridge Energy. The following week, the Respondents caused to be distributed to prospective Washington investors by Federal Express delivery service a "Confidential Private Placement Memorandum" dated August 16, 1999 (the "Memorandum") for B.U. Ranch #1 Limited Partnership, Ltd. The Memorandum contained the specifics of an offering involving limited partnership units of B.U. Ranch #1 Limited Partnership, Ltd. at \$14,000 per unit. A total of up to 150 units are being offered for an aggregate offering amount of \$2,100,000. The purpose of the offering is to acquire a working interest in a Texas oil well. The Memorandum advises prospective investors that twelve

months after the close of the offering, they will have the option to exercise warrants to purchase four thousand six hundred and fifty shares of Blue Ridge Energy, Inc.

V.

Blue Ridge Energy, Inc. is not currently registered to offer and/or sell securities in the state of Washington and has not previously been so registered. B.U. Ranch #1 Limited Partnership, Ltd. is also not registered to offer and/or sell securities in the state of Washington and has not previously been so registered.

VI.

The Securities Administrator finds that the continued offer and/or sale of warrants and stock by Blue Ridge Energy, Inc. and the offer and/or sale of limited partnership units by Blue Ridge Energy, Inc. and B.U. Ranch #1 Limited Partnership, Ltd., in the manner described in Tentative Finding of Fact IV above, presents a threat to the investing public.

Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

I.

The offer and/or sale of limited partnership units by Blue Ridge Energy, Inc. and B.U. Ranch #1 Limited Partnership, Ltd. and the offer and/or sale of warrants and stock by Blue Ridge Energy, Inc. as described above constitutes the offer and/or sale of securities as defined in RCW 21.20.005(10) and (12).

II.

The offer and/or sale of said securities is in violation of RCW 21.20.140 because no registration or notification of claim of exemption for such offer and/or sale is on file with the Administrator of Securities of the state of Washington and it appears that Respondents Blue Ridge Energy, Inc. and B.U. Ranch #1 Limited Partnership, Ltd. do not otherwise qualify for exemptions from registration.

The Securities Administrator finds that an emergency exists, that the continued violations of RCW 21.20.140 constitute a threat to the investing public, and that summary orders to cease and desist from those violations are in the public interest and necessary for the protection of the investing public.

#### SUMMARY ORDER

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED That Respondents Blue Ridge Energy, Inc., B.U. Ranch #1 Limited Partnership, Ltd., Ridgemont Securities, Inc., Kevin Cline, and their employees and agents each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140.

#### AUTHORITY AND PROCEDURE

This Summary Order is entered pursuant to the provisions of RCW 21.20.390 and chapter 34.05 RCW. The Respondents may each make a written request for hearing as set forth in the Notice of Opportunity to Defend and Opportunity for Hearing accompanying this order. A request for a hearing should be in writing and sent to Deborah R. Bortner, Securities Administrator, Department of Financial Institutions, P.O. Box 9033, Olympia, Washington 98507-9033 to the attention of Brad Ferber. If a Respondent does not request a hearing as set forth in the Notice of Opportunity to Defend and Opportunity for Hearing, the Securities Administrator intends to adopt the Tentative Findings of Fact and Conclusions of Law as final and make this Summary Order to Cease and Desist permanent as to such Respondent.

#### CONTINUING INVESTIGATION

The Securities Division is continuing to investigate the matters described herein to determine such information as the identity of additional offerees or investors, if any.

**WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
Deborah R. Bortner  
Securities Administrator

Presented by: \_\_\_\_\_  
Brad Ferber  
Securities Examiner

Approved by: \_\_\_\_\_  
Michael E. Stevenson  
Chief of Compliance